

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION**

-----X	:	
In re	:	Chapter 9
	:	
CITY OF DETROIT, MICHIGAN,	:	Case No. 13-53846
	:	
Debtor.	:	Hon. Steven W. Rhodes
-----X	:	

**STIPULATION REGARDING CERTAIN CLASS 11 AND CLASS 10
BALLOTS**

This Stipulation (this "Stipulation") is made by the (i) City of Detroit (ii) the Official Committee of Retirees (the "Committee"), and (iii) the Detroit Retired City Employees Association ("DRCEA") with respect to the following facts.¹

1. On or about May 12, 2014, the City mailed ballots for voting on the Fourth Amended Plan of Adjustment ("Plan") to all impaired classes of creditors entitled to vote on the Plan.

2. The City mailed approximately 20,200 ballots to holders of Class 11 General Retirement System (GRS) Pension Claims, including retirees and their survivors, and inactive and active employees with vested pension benefits.

¹ Capitalized terms not otherwise defined herein have the meanings given to them in the Fourth Amended Plan for the Adjustment of Debts of the City of Detroit (Docket No. 4392) (the "Plan").

Of that number, approximately 11,200 holders of GRS Pension Claims are subject to Annuity Savings Fund Recoupment ("ASF Recoupment"), as described in the Plan.

3. The ASF Recoupment was to be calculated by determining the excess interest credits to ASF accounts for a period beginning with *fiscal year* 2003; these calculations were used in negotiations with various parties regarding the treatment of Class 11 GRS Pension Claims. Fiscal Year 2003 commenced on July 1, 2002. The ballots utilized ASF Recoupment Amount calculations beginning with Fiscal Year 2003. However, the Plan, the Disclosure Statement the other solicitation documents instead refer to the ASF Recoupment Period as “the period beginning July 1, 2003 and ending June 30, 2013.” See Plan § I.A.22.

4. The discrepancy between the language of the Plan and solicitation documents and the Ballot computations was not discovered by any of the parties until after the Ballots had been transmitted to the holders of Class 11 GRS Pension Claims.

5. In light of the foregoing, the City has determined to abide by the ASF Recoupment Period referenced in the Plan. This will remove one year (July 1, 2002 through June 30, 2003) from the ASF Recoupment calculations used for the Class 11 Ballots. This will result in an approximately \$14 million *reduction in the aggregate ASF Recoupment Amount* to the benefit of Class 11 claimants who are subject to ASF Recoupment.

6. The change in the ASF Recoupment calculation affects approximately 3,200 (the "Affected Holders") of the approximately 11,200 holders of Class 11 GRS Pension Claims who are subject to ASF Recoupment as described in the Plan. Of these 3,200 holders, approximately 1,300 will now have ***no ASF Recoupment whatsoever***. The remainder will have a ***lower*** ASF Recoupment.²

7. There were several alternatives for addressing the change in calculation for voting. The Retiree Committee and the UAW sought to have the entire Class 11 resolicited. With input and direction from the Court regarding alternatives, it was determined that the City will send modified, replacement Class 11 Ballots to the Affected Holders as soon as possible. The parties agree that the City will provide notice and information generally to holders of Class 11 GRS Pension Claims by means of this Stipulation between the parties and a formal press release. In addition, the City will send a letter, a true and correct copy of which is annexed hereto as Annex A to the Affected Holders explaining the reason for the replacement and the procedure for voting.

8. The Replacement Class 11 Ballot for currently retired Affected Holders will be the color pink and will replace the blue Class 11 GRS Pension Claim Ballot for the currently retired Affected Holders. The Replacement Class 11

² The *average* benefit to an Affected Holder of utilizing the Plan ASF Recoupment Period is about \$4,200 per person. If an Affected Holder is already retired, this would mean, on *average*, \$43 per monthly pension check (utilizing a 6.75% interest rate) will continue to be paid to the affected retiree.

Ballot for active and deferred vested Affected Holders will be the color green and will replace the yellow Class 11 GRS Pension Claim Ballot for the active and deferred vested Affected Holders. True and correct copies of the Replacement Class 11 Ballots are annexed hereto as Annex B.

9. The method of calculating the ASF Recoupment Amount on the replacement ballot will not change. The calculation of the ASF Recoupment Amount on the ballot is based either on the amount of the excess interest attributed to an individual's ASF account between July 1, 2003 and June 30, 2013 or 20% of the individual's highest balance in his or her ASF account during that period, ***whichever is lower***. The estimated ASF Monthly Recoupment Amount for retirees on the ballot was calculated using actuarial assumptions, including, but not only, life expectancy and an interest component calculated at 6.75%, which is the rate used in the Plan for the valuation of pension assets and the targeted rate of return.

10. If an Affected Holder has not already voted to accept or reject the Plan, he or she will be directed to use his or her pink or green replacement ballot to cast his or her vote. The vote must be received by Kurtzman Carson Consultants LLC, the Balloting Agent, in its California office no later than July 11, 2014. The Affected Holder must check the box to accept or reject the Plan and sign the replacement ballot for the vote to be counted.

11. If an Affected Holder has already voted to accept or reject the Plan, and does not wish to change his or her vote to accept or reject the Plan, the

Affected Holder need not return his or her replacement ballot. The completed ballot already returned to the Balloting Agent will be counted. However, if the Affected Holder wishes to change his or her vote, or if the Affected Holder wishes to vote the same way using the replacement ballot, he or she will be directed to return the replacement ballot to the Balloting Agent.

12. In addition to the change for Class 11 holders, there is a change for Class 10 Holders of PFRS Pension Claims who are participants in the Deferred Retirement Option Plan ("DROP") of PFRS. Under the DROP feature of PFRS, Class 10 claimants who are DROP participants are indirectly receiving a portion of their pension benefit and are treated as retired for pension payment purposes, but they also continue to work for the City. The applicable Class 10 Ballot asks the claimant to certify that he or she "was retired as of March 1, 2014." The participant in the DROP program may cross out the representation on the Ballot or will be deemed to have crossed it out.

Based on the foregoing facts, the parties hereby stipulate to the entry of the order attached hereto as Exhibit 1.

Dated: June 4, 2014

/s/ Carole Neville

Carole Neville
Claude D. Montgomery
DENTONS US LLP
1221 Avenue of the Americas
New York, New York 10020
Telephone: (212) 768-6700
carole.neville@dentons.com
claudemontgomery@dentons.com

Sam J. Alberts
DENTONS US LLP
1301 K Street, NW
Suite 600, East Tower
Washington, DC 20005-3364
Telephone: (202) 408-6400
sam.alberts@dentons.com

Matthew E. Wilkins (P56697)
Paula A. Hall (P61101)
BROOKS WILKINS SHARKEY &
TURCO PLLC
401 South Old Woodward Avenue
Suite 400
Birmingham, Michigan 48009
Telephone: (248) 971-1800
wilkins@bwst-law.com
hall@bwst-law.com

Attorneys for the Retiree Committee

/s/ Heather Lennox

David G. Heiman (OH 0038271)
Heather Lennox (OH 0059649)
JONES DAY
North Point
901 Lakeside Avenue
Cleveland, Ohio 44114
Telephone: (216) 586-3939
Facsimile: (216) 579-0212
dgheiman@jonesday.com
hlennox@jonesday.com

Bruce Bennett (CA 105430)
JONES DAY
555 South Flower Street
Fiftieth Floor
Los Angeles, California 90071
Telephone: (213) 243-2382
Facsimile: (213) 243-2539
bbennett@jonesday.com

Jonathan S. Green (MI P33140)
Stephen S. LaPlante (MI P48063)
MILLER, CANFIELD, PADDOCK
AND STONE, P.L.C.
150 West Jefferson, Suite 2500
Detroit, Michigan 48226
Telephone: (313) 963-6420
Facsimile: (313) 496-7500
green@millercanfield.com
laplante@millercanfield.com

Attorneys for the City of Detroit

LIPPITT O'KEEFE GORNBEIN, P.L.L.C.

By: /S/ RYAN C. PLECHA

BRIAN D. O'KEEFE (P39603)

RYAN C. PLECHA (P71957)

370 EAST MAPLE ROAD, 3RD FLOOR

BIRMINGHAM, MICHIGAN 48009

TEL: (248) 646-8292; FAX: (248) 646-8375

BOKEEFE@LIPPITTOKEEFE.COM

RPLECHA@LIPPITTOKEEFE.COM

ATTORNEYS FOR THE DETROIT RETIRED CITY EMPLOYEES ASSOCIATION

ANNEX A

June 4, 2014

Dear Holder of a Class 11 GRS Pension Claim:

With this letter is enclosed a green (for actives) or pink (for retirees) REPLACEMENT BALLOT for your Class 11 GRS Pension Claim. This REPLACEMENT BALLOT replaces any yellow (for actives) or blue (for retirees) Class 11 Ballot that you may have previously received.

The Reason You are Receiving This Replacement Ballot

You are receiving a new ballot because the ASF Recoupment amount on your original ballot was based on the period beginning with *fiscal year* 2003. Fiscal year 2003 started on July 1, 2002. However, the City's Plan of Adjustment, the Disclosure Statement and the other solicitation documents refer to the ASF Recoupment Period as "the period beginning July 1, 2003 and ending June 30, 2013." Although many parties reviewed the documents, the discrepancy between the dates in the Plan and in the ballot calculations used by the parties was not detected until after the City mailed the ballots.

The reason you are receiving this REPLACEMENT BALLOT is to correct the estimate of your Annuity Savings Fund Recoupment amount using the July 1, 2003 – June 30, 2013 dates described in the City's Plan of Adjustment and the other solicitation materials you received. This will *eliminate* the calculations for any amounts sought to be recovered for the July 1, 2002 – June 30, 2003 time frame.

This change will result in an overall *reduction* in the estimated ASF Recoupment proceeds of approximately \$14 million. The estimated reduction in ASF Recoupment proceeds means active employees and retirees will retain \$14 million more in interest earned on their Annuity Savings Funds accounts. As a result of the recalculation of estimated ASF Recoupment proceeds, certain active, inactive and retired employees and surviving spouses will now have *zero* ASF

Recoupment reduction in their pension benefits. Certain other active, inactive and retired employees will have ***lower*** ASF Recoupment Amounts deducted from their pension benefits or ASF account balances.¹

The method of calculating the ASF Recoupment Amount on your replacement ballot will not change. The calculation of the ASF Recoupment Amount on your ballot is based either on the amount of the excess interest attributed to your ASF account between July 1, 2003 and June 30, 2013 or 20% of the highest balance in your ASF account during that period, whichever is ***lower***. If you are a current retiree, the estimated Annuity Savings Fund Monthly Recoupment Amount on your ballot was calculated using actuarial assumptions, including, but not only, life expectancy and an interest component calculated at 6.75%, which is the rate used in the Plan for the valuation of pension assets and the targeted rate of return.

What to Do About Voting with This Ballot

If you have not already voted to accept or reject the Plan, please use this green or pink REPLACEMENT BALLOT to cast your vote. As a reminder, your vote must be received by Kurtzman Carson Consultants LLC, the Balloting Agent, in its California office no later than July 11, 2014.

PLEASE COMPLETE, SIGN AND DATE THIS GREEN OR PINK REPLACEMENT BALLOT AND MAIL IT BY REGULAR MAIL TO THE BALLOTING AGENT IN THE ENCLOSED ADDRESSED ENVELOPE SO THAT IT IS **ACTUALLY RECEIVED BY THE JULY 11, 2014** VOTING DEADLINE. YOU

¹ The *average* benefit to an affected Class 11 claim holder of using the corrected Plan ASF Recoupment Period is about \$4,200 per person. If you are already retired, this would mean, *on average*, \$43 per monthly pension check (utilizing a 6.75% interest rate) will continue to be paid to you.

MUST CHECK THE BOX TO ACCEPT OR REJECT THE PLAN FOR YOUR VOTE TO BE COUNTED.

If you have already voted to accept or reject the Plan, and you do not wish to change your vote to accept or reject this Plan, you do not have to return this Replacement Ballot. The completed Ballot you already returned will be counted. If you wish to change your vote or if you wish to vote the same way using this Replacement Ballot, please mail this Ballot to the Balloting Agent in the enclosed addressed envelope. **YOU MUST CHECK THE BOX TO ACCEPT OR REJECT THE PLAN AND SIGN THE BALLOT FOR YOUR VOTE TO BE COUNTED. THE LAST PROPERLY COMPLETED BALLOT THAT THE BALLOTING AGENT RECEIVES BY JULY 11, 2014 WILL BE THE BALLOT THAT IS COUNTED.**

IF YOU HAVE ANY QUESTIONS ABOUT THIS CLASS 11 BALLOT, please contact Kurtzman Carson Consultants LLC, the Balloting Agent, immediately at (877) 298-6236 or via email at detroitinfo@kccllc.com. You can also email the Retiree Committee at detroitretirees@dentons.com for additional information.

ANNEX B

Class 11 Ballot – Retirees

Replacement Ballot, Class 11 GRS Pension Claims – Retirees

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION**

----- X
In re :
CITY OF DETROIT, MICHIGAN, : Chapter 9
Debtor. : Case No. 13-53846
: Hon. Steven W. Rhodes
----- X

**REPLACEMENT BALLOT FOR ACCEPTING OR REJECTING THE
PLAN FOR THE ADJUSTMENT OF DEBTS OF THE CITY OF DETROIT**

CLASS 11: GRS Pension Claims – Retirees
Claimant's [Name/Identifier]: [_____] ☐
Allowed Claim for Voting Purposes: \$[_____] ☐

**THE "VOTING DEADLINE" TO ACCEPT OR REJECT THE
PLAN IS 5:00 P.M., EASTERN TIME, ON JULY 11, 2014**

**ALL AMOUNTS STATED ON THIS BALLOT ARE ESTIMATES.
YOUR FINAL, ACTUAL PENSION AMOUNTS WILL BE
DETERMINED BY THE GENERAL RETIREMENT SYSTEM
AFTER THE CITY'S PLAN IS CONFIRMED. YOUR ACTUAL
PENSION AMOUNTS MAY BE MORE OR LESS THAN THE
ESTIMATES CONTAINED IN THIS BALLOT.**

This Ballot is for RETIREES OR SURVIVING BENEFICIARIES WHO ARE CURRENTLY RECEIVING PENSION payments from the General Retirement System of the City of Detroit ("GRS").

GRS Pension Claims are included in Class 11 under the *Fourth Amended Plan for the Adjustment of Debts of the City of Detroit (May 5, 2014)* (as it may be amended, supplemented or modified, the "Plan").¹

Please complete, sign and date the Ballot and mail it by regular mail to Kurtzman Carson Consultants LLC (the "Balloting Agent") in the enclosed addressed envelope so that it is ACTUALLY RECEIVED by the July 11, 2014 Voting Deadline.

DO NOT RETURN THE BALLOT TO THE CITY OF DETROIT, THE BANKRUPTCY COURT OR ANYONE OTHER THAN THE BALLOTING AGENT.

Ballots may not be submitted by fax, email or other electronic means.

Please contact the Balloting Agent if you have questions regarding the ballot return instructions. PLEASE NOTE, HOWEVER, THAT THE BALLOTING AGENT IS NOT PERMITTED TO PROVIDE LEGAL ADVICE.

¹ Capitalized terms used in this Ballot and the attached instructions that are not otherwise defined have the meanings given to them in the Plan.

The City of Detroit, Michigan (the "City") is soliciting votes with respect to the Plan, which is described in the accompanying *Fourth Amended Disclosure Statement with Respect to Fourth Amended Plan for the Adjustment of Debts of the City of Detroit (May 5, 2014)* (as it may be amended, supplemented or modified, the "Disclosure Statement"). The Disclosure Statement was approved by the Bankruptcy Court on May 5, 2014. By orders entered on March 11, 2014 and May 5, 2014, the Bankruptcy Court approved procedures regarding the solicitation and tabulation of votes on the Plan.

You are receiving this Ballot because you are a retired Holder of a GRS Pension Claim as of March 1, 2014 (the "Pension Record Date").

Your GRS Pension Claim has been temporarily allowed in the estimated amount of \$[] only for the purpose of voting on the Plan. The actual amount of the claim may change before the end of the bankruptcy case.

The Plan proposes two possible treatments for GRS Pension Claims, described below as "Alternative A" and "Alternative B." The results of the voting on the Plan will determine whether the GRS will receive money from proposed settlements with third-party foundation funders, The Detroit Institute of Arts and the State of Michigan (the "Outside Funding"). The Outside Funding also depends, in part, on Bankruptcy Court approval of the settlements and the fulfillment by the outside funders of their respective commitments.

You cannot avoid a reduction of your pension benefits by refusing to vote. If the Plan is confirmed, your pension will be reduced.

NOTICE REGARDING EFFECT OF VOTING ON RELEASES OF CLAIMS

If you vote to accept the Plan: You may be giving up any right you may have to sue the State of Michigan, the City or other entities specifically protected by the Plan releases, to try to recover the full amount of your pension, only if the necessary conditions (the "Initial Funding Conditions") for the funding from the State and the other Outside Funding parties that can be satisfied before the Confirmation Hearing are satisfied or waived. These preconditions include adoption of relevant legislation and appropriations by the State and completion of necessary agreements and documents by the State and the other Outside Funding parties, among other things.

If you vote to accept the Plan and the Initial Funding Conditions are not satisfied or waived: Your vote will be deemed a vote to reject the Plan.

If you vote to reject the Plan: If you vote to reject the Plan, it will be less likely that the Outside Funding will be available. Nevertheless, if Classes 10 and 11 vote to accept the Plan so that the State funding will be made despite your vote to reject the Plan, you will not have any right to sue the State of Michigan, State officials, the City or other entities specifically protected by the Plan releases to try to recover the full amount of your pension, but you will benefit if the Outside Funding is received.

ALTERNATIVE A: If both Class 10 (the PFRS Pension Claims) and Class 11 (the GRS Pension Claims) vote to accept the Plan and the Court approves the Plan, the Outside Funding will be contributed to GRS. Under this alternative, your monthly pension payments are estimated to change as follows:

Line 1: Your Current Monthly Pension Is: \$ _____

Line 2: Line 1 multiplied by 0.955 (to show a 4.5% reduction) is: \$ _____

Line 3: Your Estimated Annuity Savings Fund Monthly Recoupment is:*** \$ _____

Line 4: Your New Estimated Monthly Pension Payment (flat payment; no COLAs) is: \$ _____

*** The total Estimated Amount of your Annuity Savings Plan Recoupment is: \$ _____

ALTERNATIVE B: If either Class 10 or Class 11 votes to reject the Plan and the Court approves the Plan, the Outside Funding will not be contributed to GRS. Under this alternative, your monthly pension payments are estimated to change as follows:

Line 1: Your Current Monthly Pension Is: \$ _____

Line 2: Line 1 multiplied by 0.73 (to show a 27% reduction) is: \$ _____

Line 3: Your Estimated Annuity Savings Fund Monthly Recoupment is:*** \$ _____

Line 4: Your New Estimated Monthly Pension Payment (flat payment; no COLAs) is: \$ _____

*** The total Estimated Amount of your Annuity Savings Plan Recoupment is: \$ _____

In addition, if you vote for the Plan and the adjusted pension amount you are to receive under the Plan is so low that your total income falls below a certain level, you may be eligible to receive supplemental payments. These additional payments will not be available to higher income retirees.

For more information regarding the calculation of the amount of your allowed claim and your monthly pension payments, please consult with your counsel and/or counsel to the Retiree Committee at detroitretirees@dentons.com.

SUBMITTING YOUR BALLOT:

If you were not retired or a surviving beneficiary as of the Pension Record Date, if you did not hold a GRS Pension Claim as of the Pension Record Date, or if you believe for any other reason that you received the wrong ballot, please contact the Balloting Agent immediately at (877) 298-6236 or via email at detroitinfo@kccllc.com.

To have your vote counted, you must complete, sign and return this Ballot in accordance with the voting information and instructions provided below. You must complete your Ballot and return it to the Balloting Agent so that it is actually received by the Voting Deadline.

The Balloting Agent will not accept Ballots received after the Voting Deadline or Ballots delivered by email, fax or any other electronic method. Ballots should not be sent to the City, the Bankruptcy Court or any entity other than the Balloting Agent.

VOTING INFORMATION AND INSTRUCTIONS FOR COMPLETING THE BALLOT

1. In the boxes provided in Item 1 of the Ballot, please indicate your vote to accept or reject the Plan.

Your GRS Pension Claim against the City has been placed in Class 11 under the Plan. **The attached Ballot is designated only for retirees to vote GRS Pension Claims in Class 11 under the Plan.**

If you vote to accept the Plan, you are voting to approve certain cancellation, discharge, exculpation, expungement, injunction and release provisions contained in the Plan. Such provisions include, but are not limited to, the provisions contained in Article III.D, Article IV.J, Article IV.K and Article V.C of the Plan. Such provisions include a release of claims against third parties, including the State of Michigan, and may affect your rights and interests regarding certain other nondebtor third parties.

2. Please complete Item 2 of the Ballot.
3. Sign, date and return the Ballot to:

Detroit Ballot Processing Center
c/o KCC
2335 Alaska Avenue
El Segundo, CA 90245

The Balloting Agent must actually receive all Ballots by the Voting Deadline. If a Ballot is received after the Voting Deadline, it will not be counted. The Balloting Agent will not accept Ballots received after the Voting Deadline, or Ballots delivered by email, fax or any other electronic method. Ballots should not be sent directly to the City, the Bankruptcy Court or any entity other than the Balloting Agent. Any Ballots received by the City or the Bankruptcy Court will not be valid and will not be counted as cast.

4. If you also hold Claims in other Classes, you will receive a separate ballot for each such Claim. You must complete and return each ballot you receive to ensure that your vote will be counted with respect to each Class in which you are a Claim holder. You may have also received a ballot for your claim for health care benefits, also called post-employment benefits or OPEB.
5. The Ballot does not constitute and shall not be deemed an assertion of a Claim.
6. If you were not retired or a surviving beneficiary as of March 1, 2014, if you were not a Holder of a GRS Pension Claims as of March 1, 2014, or if you believe for any other reason that you received the wrong Ballot, please contact the Balloting Agent immediately at (877) 298-6236 or via email at detroitinfo@kccllc.com.

PLEASE TAKE NOTICE THAT:

If you accept the Plan, you are voting to approve a release of any claims that you may have against the State, the City, and other entities in connection with the loss of part of your pension.

If you vote to accept the Plan, you are also voting to approve certain other cancellation, discharge, exculpation, expungement, injunction and release provisions contained in the Plan. Such provisions include, but are not limited to, the provisions contained in Article III.D, Article IV.J, Article IV.K and Article V.C of the Plan. These provisions include the release of claims against the State of Michigan and may affect your rights and interests regarding certain other nondebtor parties, but only if the Initial Funding Conditions are met or waived by the Confirmation Hearing. By accepting the Plan AND if the Initial Funding Conditions are satisfied or waived, you will be forever releasing any rights you may have against the State and other nondebtor parties for matters described in the Plan and you will be forever barred from suing the State or other nondebtor parties for matters described in the Plan. Specifically, this release would release all claims and liabilities arising from or related to the City, the chapter 9 case (including the authorization given to file the chapter 9 case), the Plan and exhibits thereto, the Disclosure Statement, PA 436 and its predecessor or replacement statutes, and Article IX, § 24 of the Michigan Constitution.

If the Plan is confirmed, you will not be able to challenge the Annuity Savings Fund Recoupment that will be deducted from your monthly pension check.

If you vote to accept the Plan and the Initial Funding Conditions are NOT satisfied or waived before the Confirmation Hearing, your vote will be deemed to be a vote to reject the Plan.

**PLEASE READ THE INSTRUCTIONS CAREFULLY
BEFORE FILLING OUT AND MAILING THE BALLOT.**

**PLEASE READ THE VOTING INFORMATION AND
INSTRUCTIONS ATTACHED BEFORE COMPLETING THIS BALLOT.**

PLEASE COMPLETE ITEMS 1 AND 2 BELOW. IF NEITHER THE "ACCEPT" NOR "REJECT" BOX IS CHECKED IN ITEM 1, OR IF BOTH BOXES ARE CHECKED IN ITEM 1, THIS BALLOT WILL NOT BE COUNTED AS CAST.

IF THIS BALLOT IS NOT SIGNED ON THE APPROPRIATE LINES BELOW, THIS BALLOT WILL NOT BE VALID OR COUNTED AS HAVING BEEN CAST.

Item 1. Class Vote. The undersigned, a retired GRS Pension Claim Holder in Class 11 as of March 1, 2014 against the City of Detroit, Michigan, votes to (check one box):

☐ **ACCEPT** the Plan.

☐ **REJECT** the Plan.

PLEASE COMPLETE ITEM 2 ON THE NEXT PAGE.

Item 2. Certifications. By signing this Ballot, the undersigned certifies that he, she or it:

- i. was retired as of March 1, 2014;
- ii. is the Holder of a GRS Pension Claim in Class 11 to which this Ballot pertains, or is an authorized signatory, and has full power and authority to vote to accept or reject the Plan with respect to such Claim;
- iii. received a copy of the solicitation package consisting of: (a) a notice regarding the time and place of a hearing to consider confirmation of the Plan, (b) a CD-ROM including the Plan, Disclosure Statement and the exhibits to each filed to date, (c) a Ballot and a ballot return envelope, (d) a copy of certain rules governing the tabulation of ballots, (e) a plain language description of the Plan, (f) a cover letter and (g) a letter from the GRS and possibly from other parties; and
- iv. understands that a vote to accept the Plan is a vote to accept certain cancellation, discharge, exculpation, expungement, injunction and release provisions contained in the Plan.

Name

Fed. Tax I.D. No. or Last 4 Digits of Social Sec. No. (optional)

Signature

If by Authorized Agent, Name and Title

Name of Institution

Street Address

City, State, Zip Code

Telephone Number

Date Completed

Email Address

Annex I

COLA Charts

Class 11 Ballot – Active and Former Employees

Replacement Ballot, Class 11 GRS Pension Claims – Active and Former Employees

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION**

----- X
In re :
CITY OF DETROIT, MICHIGAN, : Chapter 9
Debtor. : Case No. 13-53846
: Hon. Steven W. Rhodes
----- X

**REPLACEMENT BALLOT FOR ACCEPTING OR REJECTING THE
PLAN FOR THE ADJUSTMENT OF DEBTS OF THE CITY OF DETROIT**

CLASS 11: GRS Pension Claims – Active and Former Employees

Claimant's [Name/Identifier]: [_____]

Allowed Claim for Voting Purposes: \$[_____]

**THE "VOTING DEADLINE" TO ACCEPT OR REJECT THE
PLAN IS 5:00 P.M., EASTERN TIME, ON JULY 11, 2014**

**ALL AMOUNTS STATED ON THIS BALLOT ARE ESTIMATES.
YOUR FINAL, ACTUAL PENSION AMOUNTS WILL BE
DETERMINED BY THE GENERAL RETIREMENT SYSTEM AT
THE TIME OF YOUR RETIREMENT. YOUR ACTUAL PENSION
AMOUNTS MAY BE MORE OR LESS THAN THE ESTIMATES
CONTAINED IN THIS BALLOT.**

This Ballot is for ACTIVE OR FORMER EMPLOYEES who were NOT receiving pension payments from the General Retirement System of the City of Detroit ("GRS") as of MARCH 1, 2014 (the "Pension Record Date").

GRS Pension Claims are included in Class 11 under the *Fourth Amended Plan for the Adjustment of Debts of the City of Detroit (May 5, 2014)* (as it may be amended, supplemented or modified, the "Plan").¹

Please complete, sign and date the Ballot and mail it by regular mail to Kurtzman Carson Consultants LLC (the "Balloting Agent") in the enclosed addressed envelope so that it is ACTUALLY RECEIVED by the July 11, 2014 Voting Deadline.

DO NOT RETURN THE BALLOT TO THE CITY OF DETROIT, THE BANKRUPTCY COURT OR ANYONE OTHER THAN THE BALLOTING AGENT.

Ballots may not be submitted by fax, email or other electronic means.

¹ Capitalized terms used in this Ballot and the attached instructions that are not otherwise defined have the meanings given to them in the Plan.

Please contact the Balloting Agent if you have questions regarding the ballot return instructions. PLEASE NOTE, HOWEVER, THAT THE BALLOTING AGENT IS NOT PERMITTED TO PROVIDE LEGAL ADVICE.

The City of Detroit, Michigan (the "City") is soliciting votes with respect to the Plan, which is described in the accompanying *Fourth Amended Disclosure Statement with Respect to Fourth Amended Plan for the Adjustment of Debts of the City of Detroit (May 5, 2014)* (as it may be amended, supplemented or modified, the "Disclosure Statement"). The Disclosure Statement was approved by the Bankruptcy Court on May 5, 2014. By orders entered on March 11, 2014 and May 5, 2014, the Bankruptcy Court approved procedures regarding the solicitation and tabulation of votes on the Plan.

You are receiving this Ballot because, as of March 1, 2014, (a) you were an active employee or former employee of the City, (b) you were not receiving pension payments and (c) you are a Holder of a GRS Pension Claim.

Your GRS Pension Claim has been temporarily allowed in the estimated amount of \$[] only for the purpose of voting on the Plan. The actual amount of the claim may change before the end of the bankruptcy case.

The Plan proposes two possible treatments for GRS Pension Claims, described below as "Alternative A" and "Alternative B." The results of the voting on the Plan will determine whether the GRS will receive money from proposed settlements with third-party foundation funders, the Detroit Institute of Arts and the State of Michigan (the "Outside Funding"). The Outside Funding also depends, in part, on Bankruptcy Court approval of the settlements and the fulfillment by the outside funders of their respective commitments.

You cannot avoid a reduction of your pension benefits by refusing to vote. If the Plan is confirmed, your pension will be reduced.

NOTICE REGARDING EFFECT OF VOTING ON RELEASES OF CLAIMS

If you vote to accept the Plan: You may be giving up any right you may have to sue the State of Michigan, the City or other entities specifically protected by the Plan releases, to try to recover the full amount of your pension, only if the necessary conditions (the "Initial Funding Conditions") for the funding from the State and the other Outside Funding parties that can be satisfied before the Confirmation Hearing are satisfied or waived. These preconditions include adoption of relevant legislation and appropriations by the State and completion of necessary agreements and documents by the State and the other Outside Funding parties, among other things.

If you vote to accept the Plan and the Initial Funding Conditions are not satisfied or waived: Your vote will be deemed a vote to reject the Plan.

If you vote to reject the Plan: If you vote to reject the Plan, it will be less likely that the Outside Funding will be available. Nevertheless, if Classes 10 and 11 vote to accept the Plan so that the State funding will be made despite your vote to reject the Plan, you will not have any right to sue the State of Michigan, State officials, the City or other entities specifically protected by the Plan releases to try to recover the full amount of your pension, but you will benefit if the Outside Funding is received.

ALTERNATIVE A: If both Class 10 (the PFRS Pension Claims) and Class 11 (the GRS Pension Claims) vote to accept the Plan and the Court approves the Plan, the Outside Funding will be contributed to GRS. Under this alternative, you can calculate your potential future monthly pension payment as follows:

Line 1: Perform the calculation set forth on Annex I to this Ballot to determine the annual amount of your service retirement allowance. Enter the result here: _____

Line 2: Multiply the amount in Line 1 by 0.955 (to show a 4.5% reduction) and enter the result here: _____

Line 3: Divide the amount in Line 2 by 12 and enter the result here: _____

The amount you entered in Line 3 is your estimated future monthly pension payment.

Line 4: The Estimated Annuity Savings Funds Recoupment amount is: [_____]

The amount in Line 4 will be deducted from your Annuity Savings Fund account and added to the assets of GRS to be used to pay defined benefit pensions.

ALTERNATIVE B: If either Class 10 or Class 11 votes to reject the Plan and the Court approves the Plan, the Outside Funding will not be contributed to GRS. Under this alternative, you can calculate your potential future monthly pension payment as follows:

Line 1: Perform the calculation set forth on Annex I to this Ballot to determine the annual amount of your service retirement allowance. Enter the result here: _____

Line 2: Multiply the amount in Line 1 by 0.73 (to show a 27% reduction) and enter the result here: _____

Line 3: Divide the amount in Line 2 by 12 and enter the result here: _____

The amount you entered in Line 3 is your estimated future monthly pension payment.

Line 4: The Estimated Annuity Savings Funds Recoupment amount is: [_____]

The amount in Line 4 will be deducted from your Annuity Savings Fund account and added to the assets of GRS to be used to pay defined benefit pensions.

For more information regarding the calculation of the amount of your allowed claim and your monthly pension payments, please consult with your counsel and/or counsel to GRS.

SUBMITTING YOUR BALLOT:

If you were not an active or former employee of the City as of the Pension Record Date, if you did not hold a GRS Pension Claim as of the Pension Record Date, or if you believe for any other reason that you received the wrong ballot, please contact the Balloting Agent immediately at (877) 298-6236 or via email at detroitinfo@kccllc.com.

To have your vote counted, you must complete, sign and return this Ballot in accordance with the voting information and instructions provided below. You must complete your Ballot and return it to the Balloting Agent so that it is actually received by the Voting Deadline.

The Balloting Agent will not accept Ballots received after the Voting Deadline or Ballots delivered by email, fax or any other electronic method. Ballots should not be sent to the City, the Bankruptcy Court or any entity other than the Balloting Agent.

VOTING INFORMATION AND INSTRUCTIONS FOR COMPLETING THE BALLOT

1. In the boxes provided in Item 1 of the Ballot, please indicate your vote to accept or reject the Plan.

Your GRS Pension Claim against the City has been placed in Class 11 under the Plan. **The attached Ballot is designated only for individuals who were employed by the City or who were former employees of the City who were not yet receiving a pension as of March 1, 2014 to vote GRS Pension Claims in Class 11 under the Plan.**

If you vote to accept the Plan, you are voting to approve certain cancellation, discharge, exculpation, expungement, injunction and release provisions contained in the Plan. Such provisions include, but are not limited to, the provisions contained in Article III.D, Article IV.J, Article IV.K and Article V.C of the Plan. Such provisions include a release of claims against third parties, including the State of Michigan, and may affect your rights and interests regarding certain other nondebtor third parties.

2. Please complete Item 2 of the Ballot.
3. Sign, date and return the Ballot to:

Detroit Ballot Processing Center
c/o KCC
2335 Alaska Avenue
El Segundo, CA 90245

The Balloting Agent must actually receive all Ballots by the Voting Deadline. If a Ballot is received after the Voting Deadline, it will not be counted. The Balloting Agent will not accept Ballots received after the Voting Deadline, or Ballots delivered by email, fax or any other electronic method. Ballots should not be sent directly to the City, the Bankruptcy Court or any entity other than the Balloting Agent. Any Ballots received by the City or the Bankruptcy Court will not be valid and will not be counted as cast.

4. If you also hold Claims in other Classes, you will receive a separate ballot for each such Claim. You must complete and return each ballot you receive to ensure that your vote will be counted with respect to each Class in which you are a Claim holder.
5. The Ballot does not constitute and shall not be deemed an assertion of a Claim.
6. If you were not an active or former employee of the City as of the Pension Record Date, if you were not a Holder of a GRS Pension Claims as of the Pension Record Date, or if you believe for any other reason that you received the wrong Ballot, please contact the Balloting Agent immediately at (877) 298-6236 or via email at detroitinfo@kccllc.com.

PLEASE TAKE NOTICE THAT:

If you accept the Plan, you are voting to approve a release of any claims that you may have against the State, the City, and other entities in connection with the loss of part of your pension.

If you vote to accept the Plan, you are also voting to approve certain other cancellation, discharge, exculpation, expungement, injunction and release provisions contained in the Plan. Such provisions include, but are not limited to, the provisions contained in Article III.D, Article IV.J, Article IV.K and Article V.C of the Plan. These provisions include the release of claims against the State of Michigan and may affect your rights and interests regarding certain other nondebtor parties, but only if the Initial Funding Conditions are met or waived by the Confirmation Hearing. By accepting the Plan AND if the Initial Funding Conditions are satisfied or waived, you will be forever releasing any rights you may have against the State and other nondebtor parties for matters described in the Plan and you will be forever barred from suing the State or other nondebtor parties for matters described in the Plan. Specifically, this release would release all claims and liabilities arising from or related to the City, the chapter 9 case (including the authorization given to file the chapter 9 case), the Plan and exhibits thereto, the Disclosure Statement, PA 436 and its predecessor or replacement statutes, and Article IX, § 24 of the Michigan Constitution.

If the Plan is confirmed, you will not be able to challenge the Annuity Savings Fund Recoupment that will be deducted from your monthly pension check.

If you vote to accept the Plan and the Initial Funding Conditions are NOT satisfied or waived before the Confirmation Hearing, your vote will be deemed to be a vote to reject the Plan.

**PLEASE READ THE INSTRUCTIONS CAREFULLY
BEFORE FILLING OUT AND MAILING THE BALLOT**

**PLEASE READ THE VOTING INFORMATION AND
INSTRUCTIONS ATTACHED BEFORE COMPLETING THIS BALLOT.**

PLEASE COMPLETE ITEMS 1 AND 2 BELOW. IF NEITHER THE "ACCEPT" NOR "REJECT" BOX IS CHECKED IN ITEM 1, OR IF BOTH BOXES ARE CHECKED IN ITEM 1, THIS BALLOT WILL NOT BE COUNTED AS CAST.

IF THIS BALLOT IS NOT SIGNED ON THE APPROPRIATE LINES BELOW, THIS BALLOT WILL NOT BE VALID OR COUNTED AS HAVING BEEN CAST.

Item 1. Class Vote. The undersigned, an active or former employee of the City who was not yet receiving a pension and who is a GRS Pension Claim Holder in Class 11 as of March 1, 2014 against the City of Detroit, Michigan, votes to (check one box):

☐ **ACCEPT** the Plan.

☐ **REJECT** the Plan.

PLEASE COMPLETE ITEM 2 ON THE NEXT PAGE.

Item 2. Certifications. By signing this Ballot, the undersigned certifies that he or she:

- i. was an active or former employee of the City as of March 1, 2014
- ii. was not receiving pension payments from the GRS as of March 1, 2014;
- iii. is the Holder of a GRS Pension Claim in Class 11 to which this Ballot pertains, or is an authorized signatory, and has full power and authority to vote to accept or reject the Plan with respect to such Claim;
- iv. received a copy of the solicitation package consisting of: (a) a notice regarding the time and place of a hearing to consider confirmation of the Plan, (b) a CD-ROM including the Plan, Disclosure Statement and the exhibits to each filed to date, (c) a Ballot and a ballot return envelope, (d) a copy of certain rules governing the tabulation of ballots, (e) a plain language description of the Plan, (f) a cover letter and (g) a letter from GRS and possibly other parties; and
- v. understands that a vote to accept the Plan is a vote to accept certain cancellation, discharge, exculpation, expungement, injunction and release provisions contained in the Plan.

Name

Fed. Tax I.D. No. or Last 4 Digits of Social Sec. No. (optional)

Signature

If by Authorized Agent, Name and Title

Name of Institution

Street Address

City, State, Zip Code

Telephone Number

Date Completed

Email Address

Annex I

Pension Benefit Estimation Calculator

Your service retirement allowance is based on your years of credited service, your age and your average final compensation. "Average final compensation" means the average of the annual compensation paid you by the City during the period of 36 consecutive months of service which produces the highest average. The 36 consecutive months used must occur within your last 120 months of service. You have the option of receiving an Unused Sick Leave on Retirement payout of 25% of your unused sick leave (normally 50%) and having the value of the payout added to the earnings used to compute your average final compensation. CET changes: Unused Sick Leave on Retirement- Any sick leave accumulated after July 17, 2012 and remaining unused at retirement will not be paid out. Sick Time Inclusion in Final Average Compensation -The inclusion of sick time in an employee's Final Average Compensation will be discontinued. The implementation date is December 1, 2012.

Your retirement allowance consists of the following 3 amounts:

1. A basic pension of \$12 for each full year of service, but not to exceed \$120.
2. A pension allowance equal to the sum of 1.6% times your first 10 years of credited service, plus 1.8% times each year of service greater than 10 years up to 20 years, plus 2.0% times each year of service greater than 20 years up to 25 years, plus 2.2% times each year of service over 25 years; multiplied by your average final compensation. CET changes: The multiplier has been reduced to 1.5% for service time earned subsequent to July 17, 2012 and the escalator eliminated. The implementation date is December 1, 2012.
3. An annuity, provided you made contributions for it and you do not withdraw those funds at the time of retirement. The annuity portion depends on the balance in your account and your age on your retirement date.

TYPICAL ESTIMATED MONTHLY
STRAIGHT LIFE
RETIREMENT ALLOWANCE

(Based on Basic Pension of \$120 plus 1.5% for 1st 10 years of service, plus 1.7% for 11 to 20 year of service, plus 1.9% for service over 20 years)

Average Final Comp.	Years of Service						
	10	15	20	25	30	35	40
\$24,000	\$330.00	\$510.00	\$690.00	\$890.00	\$1,110.00	\$1,330.00	\$1,550.00
26,000	356.57	551.67	746.67	963.33	1,201.67	1,440.00	1,678.33
28,000	383.33	593.33	803.33	1,036.67	1,293.33	1,550.00	1,806.67
30,000	410.00	635.00	860.00	1,110.00	1,385.00	1,660.00	1,935.00
32,000	436.67	676.67	916.67	1,183.33	1,476.67	1,770.00	2,063.33
34,000	463.33	718.33	973.33	1,256.67	1,568.33	1,880.00	2,191.57
36,000	490.00	760.00	1,030.00	1,330.00	1,660.00	1,990.00	2,320.00
38,000	516.67	801.67	1,086.67	1,403.33	1,751.67	2,100.00	2,448.33
40,000	543.33	843.33	1,143.33	1,476.67	1,843.33	2,210.00	2,576.67
42,000	570.00	885.00	1,200.00	1,550.00	1,935.00	2,320.00	2,705.00
44,000	596.67	926.67	1,256.67	1,623.33	2,026.67	2,430.00	2,833.33
46,000	623.33	968.33	1,313.33	1,696.67	2,118.33	2,540.00	2,961.67
48,000	650.00	1,010.00	1,370.00	1,770.00	2,210.00	2,650.00	3,090.00
50,000	676.67	1,051.67	1,426.67	1,843.33	2,301.67	2,760.00	3,218.33
52,000	703.33	1,093.33	1,483.33	1,916.67	2,393.33	2,870.00	3,346.67
54,000	730.00	1,135.00	1,540.00	1,990.00	2,485.00	2,980.00	3,475.00
56,000	756.67	1,176.67	1,596.67	2,063.33	2,576.67	3,090.00	3,603.33
58,000	783.33	1,218.33	1,653.33	2,136.67	2,668.33	3,200.00	3,731.67
60,000	810.00	1,260.00	1,710.00	2,210.00	2,760.00	3,310.00	3,860.00

Federal Social Security benefits **are in addition** to the amounts shown. Current Social Security information can be obtained from any office of the Social Security Administration.

You can access the online version of "How is the Amount of My Current Retirement Calculated" at <http://rscd.org/grs.htm#gcquest2>.

The online GRS Retirement Benefit Estimator can be accessed at this website address:
http://rscd.org/08gendefault_aol.htm.

Annex II

COLA Charts

EXHIBIT 1

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION**

-----X	:	
In re	:	Chapter 9
	:	
CITY OF DETROIT, MICHIGAN,	:	Case No. 13-53846
	:	
Debtor.	:	Hon. Steven W. Rhodes
-----X	:	

**ORDER APPROVING THE STIPULATION REGARDING CERTAIN
CLASS 11 AND CLASS 10 BALLOTS**

The Stipulation Regarding Certain Class 11 and Class 10 Ballots (the "Stipulation"),¹ having been entered into by (i) the City of Detroit (ii) the Official Committee of Retirees and (iii) the Detroit Retired City Employees Association; the Court having reviewed the Stipulation with Annexes and Exhibits; and the Court being fully advised in the premises;

¹ Capitalized terms not otherwise defined herein have the meanings given to them in the Stipulation or in the Fourth Amended Plan for the Adjustment of Debts of the City of Detroit (Docket No. 4392) (the "Plan").

IT IS HEREBY ORDERED THAT:

1. The City shall send modified, replacement Class 11 Ballots that utilize calculations based on the ASF Recoupment Period set forth in the Plan to the Affected Holders as soon as possible.

2. If an Affected Holder has not already voted to accept or reject the Plan, he or she will be directed to use his or her pink or green replacement ballot to cast his or her vote. The vote must be received by Kurtzman Carson Consultants LLC, the Balloting Agent, in its California office no later than July 11, 2014. The Affected Holder must check the box to accept or reject the Plan and sign the replacement ballot for the vote to be counted.

3. If an Affected Holder has already voted to accept or reject the Plan, and does not wish to change his or her vote to accept or reject the Plan, the Affected Holder need not return his or her replacement ballot. The completed ballot already returned to the Balloting Agent will be counted. However, if the Affected Holder wishes to change his or her vote, or if the Affected Holder wishes to vote the same way using the replacement ballot, he or she will be directed to return the replacement ballot to the Balloting Agent.

4. A Class 10 Holder of a PFRS Pension Claim that is a participant in the Deferred Retirement Option Plan ("DROP") does not have to

certify that he or she “was retired as of March 1, 2014.” The participant in the DROP program may cross out the representation on the Ballot or will be deemed to have crossed it out.

CERTIFICATE OF SERVICE

I, Heather Lennox, hereby certify that the foregoing Stipulation Regarding Certain Class 11 and Class 10 Ballots was filed and served via the Court's electronic case filing and noticing system on this 4th day of June, 2014.

/s/ Heather Lennox _____